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FISCAL IMPACT REPORT

SPONSOR Garcia, M. H. **ORIGINAL DATE** 1/18/08
LAST UPDATED _____ **HB** 108
SHORT TITLE Cooperative Advertising Program **SB** _____
ANALYST Earnest

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$425.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act for the Economic Development Department budget.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

State Parks Division, Energy, Minerals, and Natural Resources Department

SUMMARY

Synopsis of Bill

House Bill 108 appropriates \$425 thousand from the general fund to Economic Development Department for the cooperative advertising program to help rural communities promote business and tourism.

FISCAL IMPLICATIONS

The appropriation of \$425 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2009 shall revert to the general fund.

SIGNIFICANT ISSUES

The Economic Development Departments has about \$425 thousand for the cooperative advertising program in its recurring budget. This appropriation would double the program's funding for FY09.

According to EDD and the State Parks Division:

The Cooperative Advertising Program promotes economic development initiatives throughout the state by providing matching funds to help communities maximize their advertising dollars. Typically, rural areas of New Mexico have the greatest need for these matching dollars, since they simply do not have the funds available to promote their communities.

Rural participation in the program has increased in recent years due to the implementation of the Certified Communities Initiative (CCI), which exempts a portion of the matching dollars required for those communities designated as Certified Communities, therefore lessening the match burden on rural communities. In FY 2008, 68% of the Cooperative Advertising Program funds were awarded to rural communities, vs. 32% for urban communities, clearly an indication of the program's attraction and importance for rural communities. HB 108 would limit this appropriation of cooperative advertising dollars to rural communities.

Many of New Mexico's 34 state parks are located in rural areas. State Parks are often an important component of rural economies and the parks also benefit from advertising by adjacent and nearby communities.

PERFORMANCE IMPLICATIONS

According to the State Parks Division, annual visitation and self-generated revenue, which is significantly affected by visitation, are performance measures for the State Parks Division. Marketing funds for rural communities will generally have positive impacts on both of these performance measures, and will have even more direct positive effects to the extent those funds are used to advertise state parks specifically.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This appropriation relates to an appropriation in the General Appropriation Act for the Economic Development Department budget.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

EDD will not have additional funding for the cooperative advertising program.

BE/mt